

Working Group on Jobs, Wages and Benefits

Wednesday, September 28th Meeting Agenda

Items

1. Call to Order
 - a. Deputy COS Rob Hawkins, Vice Chair, calls meeting to order
 - i. September 28, 2016
 - ii. 6:50PM
 - iii. Department of Employment Services at 4058 Minnesota Ave, NE
Washington DC.
2. Announcement of a Quorum
 - a. For the record, seven members in person; one member on the phone
 - b. 8 members present
 - i. We have quorum
3. Vote to Approve Meeting Agenda
 - a. Move to approve agenda
 - i. Agenda approved
4. Old Business
 - a. Approval of Minutes from Wednesday, September 14th, 2016
 - i. Request for testimony to be reviewed by presenters
 - ii. Move to approve
 1. Minutes approved
 - b. Deputy Mayor and Stephen Taylor join the meeting
5. New Business
 - a. The competitive position of District businesses, employers, and employees versus those in Maryland and Virginia
 - i. Joseph Henschman, Vice President of Legal & State Projects, Tax Foundation
 - ii. Joe Henschman is Vice President of Legal & State Projects at the Tax Foundation, where he analyzes state tax trends, constitutional issues, and tax law developments. Joe has testified or presented to officials in 36 states, testified before Congress six times, and has written over 75 major studies on tax policy. He holds a law degree from George Washington University and a bachelor's degree in Political Science with a minor in Public Policy from the University of California, Berkeley.
 - iii. Mr. Henschman presents
 1. Mr. Henschman's presentation covered three reports put out by the Tax Foundation and also highlighted several reports done by other organizations.

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- a. State-Local Tax Burden report
 - i. Totals the portion of total state income that goes to state and local taxes.
 - ii. DC residents paid 10.6% of their income in state-local taxes; 10th highest of the states
 - 1. VA rank: 27th
 - 2. MD rank: 7th
- b. State Business Tax Climate Index
 - i. Measures how each state's tax laws affect economic performance
 - ii. DC generally ranks in the 40s
 - 1. MD fell in 2009 (mid 20s to 40s)
 - 2. VA has fallen as well (teens to 30s)
- c. Location Matters report
 - i. Compares tax costs that would be paid by hypothetical model firms in each state
- 2. Mr. Henschman's supporting materials and testimony will be posted online to the Working Group website
- iv. Questions:
 - 1. What does the information presented tell us about how DC fits into the region (MD, VA)?
 - a. Virginia more competitive, Maryland less competitive, DC has historically been closer to MD, but is becoming more competitive.
 - 2. Do we know anything about the effect of tax incentives to attract businesses to Wards 7 and 8?
 - a. No information on that specific topic
 - b. Hard to compare what would have happened if the incentive hadn't been there.
 - c. Tax Foundation favors a broad based tax base for everyone, but every state has incentives
 - 3. How does the DC Income tax impact those who earn less vs. those who earn more?
 - a. MD and DC have more progressive income taxes than VA
 - b. Discussion of reports on how different people would fare under different tax systems

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- c. Discussion of how income tax impacts not just individuals but also small businesses
- 4. How does DC compare (overall tax burden) with county levels in the nearby DC Metro Area?
 - a. Local jurisdictions in VA do not have much taxing authority; MD local jurisdictions have significant authority/autonomy
- 5. When you talk about developing a tax code, which states are the “gold standard”?
 - a. Every state has strengths and weaknesses; tax system can take advantage of a strength or overcomes a weakness
- 6. In which states do residents see a quality return for their tax dollar?
 - a. Measuring the value of services is difficult; benefits vary from individual to individual.
- 7. In the chart of page 4, the states are ranked 1 through 50; what is the tipping point? At some point, if businesses make choices about where they will locate; when does the District get to the tipping point?
 - a. Sense that DC is trending in the correct direction; started in the last few administrations.
- 8. Parts of DC that haven’t seen development yet – are there tax incentives that work that encourage development in under developed areas?
- 9. How does the tax structure impact the federal government, nonprofits?
- 10. How does DC compare to other jurisdictions (VA, MD) in terms of revenue generation?
- 11. DC can’t tax nonresidents – how does that impact DC’s revenue, competitiveness, are there ways to make up that revenue loss?
 - a. DC’s taxes per capita are higher than other states, still collecting revenue, but from other sources.
 - b. DC cannot directly tax commuters – but has a hotel tax, a meal tax, gasoline tax. Indirect taxes that primarily hit nonresidents.

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12. Is there a standard list of expenditures that taxes are spent on?
Can we compare what we spend our tax money on, compared with other regions?
 - a. Detailed and Recent : state produces budget documents, hard to compare
 - b. Comparable and Detailed: US census
13. Are taxes being used to depress certain sectors?
 - a. Tax Foundation; mission: taxes should be about revenue and spending
14. Issue of tax burden on commuters vs. tax burden on residents – taxes impact residents as well.
15. Has DC developed a cushion of tolerance in terms of taxes, or does that cushion not yet exist?
16. Who do you think is the greatest local competitor on taxes and overall?
17. Would PFL's proposed 1% tax be the tipping point?
- b. The effect of proposed or existing wage and benefit programs on employees and employers in the District
 - i. Sarah Jane Glynn, Director of Women's Economic Policy, Center for American Progress
 1. No presentation; cancelled
- c. Discussion of Presentations
- d. Administrative Items
 - i. Schedule time w/Lia and Jacob
 - ii. Meeting schedule
 1. Request for additional meeting to discuss/review presentations
 2. Request to change Saturday meeting
 3. Request to push Saturday meeting to a later date
6. Adjournment
 - a. 901PM